

# President's News Conference on Foreign and Domestic Issues

Following is a transcript of President Reagan's news conference yesterday in Washington, as recorded by The New York Times:

## OPENING STATEMENT

Please be seated.

I have a brief statement here. The Congress is back this week for a session that's lasting only until Aug. 10. But that's enough time for the House of Representatives to approve legislation that would benefit all Americans. Among the many important issues now facing the Congress is legislation that will help reduce deficits, reward work and thrift, make our cities and neighborhoods safer and increase personal liberties throughout our land.

Legislation that could do these things is already before the Congress. It's been bottled up in the House for months and, in some instances, even years. But something can be done. I have talked with the House Republican leadership. They've pledged to try again to bring six key measures to the floor for a vote.

First, a constitutional amendment requiring a balanced budget — and we must balance it not by raising the tax rates of hard-working Americans, but by insisting that Government spend no more than it takes in.

Second, a proposal granting spouses working in the home the same individual retirement rights as I.R.A.'s, as spouses working outside the home. Each spouse could save

and deduct from taxation up to \$2,000 a year.

The House had a chance to enact this initiative in a bill I signed just days ago, but they dropped it.

Third, a proposal offering incentives for investment in 73 enterprise zones to create jobs, independence and hope for people in inner cities and other economically distressed areas.

Fourth, a bill allowing tuition tax credits for low and middle-income parents who pay to send their children to parochial or independent schools while also paying their full share of taxes to support public schools.

Fifth, a comprehensive anticrime package to crack down on criminals through restrictions on bail, tougher sentencing and stricter enforcement of drug trafficking laws.

Sixth, an equal access bill permitting religious student groups the same freedom to meet in public high schools during nonschool hours as all other student groups are allowed to have.

These reforms are long overdue, and they would benefit all the people. It's time to test the new realism and to see if the Democratic leadership will move from words to action.

Now, Maureen.

## QUESTIONS AND ANSWERS

### Possible Tax Increase

Q. Mr. President, your advisers have publicly disagreed with Walter Mondale's assertion that tax rates will be necessary next year in order to help cut the enormous Federal deficit. While your advisers say they don't want a tax increase next year, they have refused to flatly rule out the possibility. Will you now flatly rule out the possibility of seeking a tax increase next year if you're re-elected?

A. Yes, I have no plans for a tax increase. I believe it would be counterproductive with regard to the present recovery, or expansion. Indeed, I believe that the tax cut we've had is largely responsible for the recovery that we're having.

Maybe they left that for me to say! I know that for Mr. Mondale, he's been repeatedly and over the years supported tax increases on any number of occasions. He was opposed to our indexing, which is a provision that would benefit the lower and middle income people almost exclusively because they would be the ones who would be taxed. Without indexing, could be moved up into higher tax brackets by inflation. Those who are already in the high tax brackets could be moved up, they're already there.

But I have one thing to say about a tax increase. I think it's important that Government is taking a percentage of the gross national product that is higher than the revenue that the percentage that is being taken in revenues now from that same gross national product.

Now, if after all of our best efforts, if we have gotten Government costs down to the point at which we say they cannot go any lower and Government still meet its responsibilities and provide the services that are required of that, that is still less than the percentage taken by taxes, then you would have to look at the tax structure in order to bring that up to meet that minimum level of Government expenditures.

But I think we're a long way from that point regarding bringing Government down to where it could be brought down. We're looking right now — and we have a task force working on 2,478 recommendations made by the Grace Commission of ways in which Government can be run more economically and more efficient by simply turning to modern business practices in all of these different ways instead of sticking with the old-time Government practices that are way behind the times.

And I believe that to raise taxes without waiting for what I have just said, I think that to do that would simply open the door to more spending. That's been the pattern of the past and it is a pattern that — as a matter of fact, Vice President Mondale has stated that he would believe in it. In fact, he publicly stated on a television show that he had voted time after time to raise taxes on his own constituents. So he believes in it. I believe that our goal must be to, wherever possible, reduce the tax burden for our people.

We are — let me just say — we are, I've ordered — or asked — the Treasury Department to come in before the end of the year with proposals for simplification and ways in which we can broaden the base and thus lead to the ability to further reduce the individual's rates by simplifying the base. And the fairness of all of this goes without saying. But also the simplification. I think that's the key. The moral, the complexity of the tax laws and what we impose on the people with regard to their tax obligation, and I think it can be simplified. I believe that there will be some options brought to me in December as I had requested.

### Cuts in Spending

Q. Mr. President, do you think that there's room in the Federal budget to cut spending so deep that you can balance the budget that way? And, if you believe that, is it possible do you think to do that without going into entitlements and Social Security? And are you willing to go that deep?

A. The — no, what we're looking forward to is the fact that as the recovery takes place you are going to see some contributing factors to further reducing the deficit. A large part of the deficit, when it went up so far, was because of the depth of the recession. But today there are seven mil-

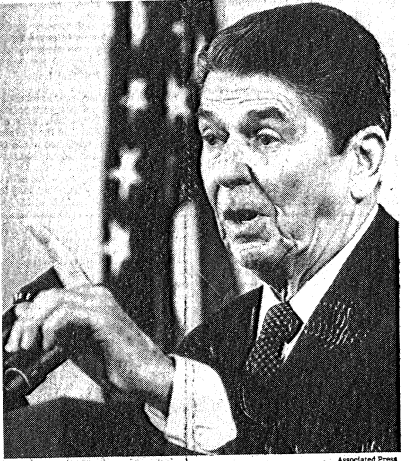
### On Double Standard

Q. Thank you very much, Mr. President. I have a question about the other check as to Mr. Ferraro's suggestion about whether or not there was a good Christian. Some of our own strategists have said that there was a double standard in the way that she is being covered because she is a woman, that she was a candidate could not get away with that particular suggestion about the President. Do you think that that's fair, that she should be able to suggest that you're not a good Christian and not be criticized for it?

A. Well, it is a decision that all of those of you who do the criticizing has to make. I've never been one to campaign against opponents. I prefer to campaign for people. That's what we've done and what we intend to do and that's the way I'm going to conduct myself in this campaign.

### Matter of Strategy

Q. What kind of strategy are you going to use against the first woman Vice Presidential candidate, and if



President Reagan answering question last night at news conference.

you are not willing to debate Walter Mondale let's say a half a dozen times as Mr. Baker has suggested you're not, would you let George Bush debate Geraldine Ferraro six times?

A. Well, I think this is a decision for those working on the strategy of the campaign to deal with and I'm going to let them do that. And again I know that George feels the same way. As George himself has said, his strategy is going to be to try and get the top of the ticket elected, which seems to make some sense.

But let me — I better switch over here for some more — and may I — a question — and I don't want to offend with regard to the follow-up and understand why you had them, but we've been reduced to the number of questions we can ask when everybody's got to follow-up. So ask them both at once.

### Nicaraguan Policy

Q. Sir, Mr. Mondale said in his acceptance speech that 100 days into his Presidency he would stop the secret war against Nicaragua. I assume that you're going to continue your policy down there in that respect. And he also implied, of course, once again that you as President will be trigger happy and will get us into war. How would you answer both of those?

A. Well, I'm not trigger happy. And having known four wars in my lifetime, I'm going to do everything I can — and I think the greatest requirement is to strive for peace. And I'm going to do that.

And again, I think there was some demagoguery in this. But it's my understanding that all of you have been given a report — I have a letter, a green cover — on the Nicaraguan situation. And it has also been delivered to every member of the Congress.

And I think that — believe me, I wouldn't want to read it. I'd look at it. Because the information is in there that reveals that everything we've said about the Sandinista Government is a proven fact.

They are trying to destroy El Salvador by providing the rebels there with the wherewithal to do it. They are a totalitarian government. But you also find a statement in there by Oskar of the Soviet military — this was prior to our rescue mission in Grenada.

But he openly stated that after all these years of only having a base in the Western Hemisphere in Cuba, that we had bases here in Nicaragua and in Grenada. Well, we don't have a base in Grenada anymore. And I think it is the responsibility of this Government to assist the people of Nicaragua in seeing that they don't have one in Nicaragua.

### Communist Threat

Q. Mr. President, on the same subject, Vice President Bush has asserted that Mondale and the Democrats don't understand the Communist threat in Central America. Do you agree?

A. That they don't under the Communists threat. Well, either that or they're ignoring it.

Q. Do you think they're ignoring it?

A. Well, they seem to be opposing everything that we've tried to do, including the aid to El Salvador. As a matter of fact, I've been very worried that their rigidly treatment of El Salvador is such that we might see that it's comparable to letting El Salvador slowly bleed to death. And then they would be able to point a finger and say, "Oh, see, your program didn't work."

Bill.

### Entitlement Programs

Q. Mr. President, you say that you won't raise taxes, yet people in your Administration have said, including Mr. Stockman, that if the huge budget deficit is to be reduced at all that there will probably have to be cuts in some of the major entitlement programs such as Medicare, Medicaid, farm price supports. Now you said in an interview earlier this year that you weren't going to discuss just get an interest rate, but I'd like to ask if you don't think that you owe an explanation of what you might cut to the people in an election year.

A. Well, I told you about those 2,478 recommendations that have been

made. We are going to look at every area where we can cut, but at the same time we're going to do what I said from the very beginning. We are not going to destroy the safety net for those people who, through no fault of their own, must depend on government.

Q. Sir, that wouldn't rule out looking at those programs — veterans benefits, Medicaid, farm price supports, for example.

A. There are a number of those that I'm sure will be looked at.

### Relations With Poland

Q. Mr. President, the Polish Government is releasing hundreds of political prisoners, in a move that appears to meet one of your conditions for normalizing relations — you have removed some of the sanctions you imposed a couple of years ago; will you remove others? And, if so, when do you think you'll be acting, Mr. President?

A. We're studying what they've done, their legislation on amnesty, very carefully right now. Our purpose from the beginning has been, with regard to the sanctions, that we know that Geraldine Ferraro has been met. The sanctions are not only the Government of Poland, with which we're not in very much sympathy, but the people themselves. We don't want to impose hardships on the people. And if their legislation on amnesty and that kind of thing have met the conditions that we laid down, yes, we will meet with regard to lifting the sanctions.

### Negative Campaign

Q. Mr. President you've just said now that you don't conduct negative campaigns and your surrogates have been doing so. George Bush said to that Geraldine Ferraro is too liberal, Helen told you about Ed Rollins's remark. Are you saying that everything that's being said about her is a proven fact? I don't think that in the campaign you can ignore the things that other people or opponents have said and pretend that they've never said them. I've responded here myself to some charges already this evening. I have said no basis in fact or figure whatsoever. Now that I think we can do. But to ask questions that I thought indicated that how are you going to plan a negative campaign against someone, basically the campaign is going to be on behalf of what our own programs are and what we intend for the people to conclude.

Q. — said they are speaking for you?

A. What?

Q. They are speaking for you?

A. Yes, if someone says something that I have to disagree with, I'll be the first to let them know.

### Interest Rates

Q. Mr. President, a few hours ago in the Rose Garden you said that inflation so low it's outrageous that interest rates should be so high. Why's doing this? Is it the money? Is it the bankers? Do you think that their gouging the American public and if so, what are you going to do about it?

A. Well I've said many times that I think there's a psychology at work. We've had so many recessions since World War II — seven or eight, I've been saying seven but someone has indicated that I was wrong by one, that it might be eight — so seven or eight before this one. All of those were cured by the quick fix, all of them used the artificial stimulant of money that raised inflation and all of them lasted for a couple of years, maybe three or four at the most, and then there was another recession followed.

And this one is different. I believe the basis for this recovery is sound and solid. And so I just think that what we're seeing is an unwillingness to have control of inflation, that it's not going to go back up. And anyone who's in the business of lending money must know, particularly if it's going to be long term money, that if you raise an interest rate, or else, that is going to return the original purchasing power that was loaned, that's going to be for that loss of inflation then plus the earning power, or the earning capacity, the interest that they want as profit on that loan. Well,

### Registration in South

Q. Mr. President, how do you feel about the fact that throughout the South your political workers are striving to register as new voters affluent people and white people while shunning poor people and black people?

A. They are not doing that. I want everybody registered that can. I think that democracy, if it's to work, then everybody that's eligible to be a voter should be registered, and they should vote.

And I think sometimes the declining number of people voting is because we've satiated them without pausing over such long periods of time that they finally come to a home attitude and go their way. But I think the whole idea that we don't want the votes of certain people in this country is absolutely ridiculous. We do want them. And if it comes to the affluent, I did think that it was kind of interesting to see some of the people that were on stage at the convention in San Francisco that were talking about their love for the poor and our affinity for the rich when they themselves were not only rich but they were selling seats on the floor for \$5,000. And you could meet and eat with the candidate or have your picture taken with him for \$100,000. And they had some other alternatives in there at 10, 25 and 50 thousand dollars.

The simple truth of the fact is that for more than a quarter of a century, the Democratic Party has raised the bulk of its contributions from contributions of \$100 and up, and the Republican — the so-called country club party — has raised the bulk of its donations from \$100 contributions and down.

Q. Would you say in effect that's an insult to the Republican Party?

A. I don't think it's an insult. I think that all the black voters that can join the roll should be joined as an effort on your part.

Q. We got a voter registration drive — I think it goes with every campaign, but we're doing it. And we're not drawing the line, and we don't have any — we're not going to shove aside anyone else. We're going to ask everybody that will register.

### Nixon and Convention

Q. Mr. President, there was some talk about whether President Carter would appear at the Democratic Convention because he might hurt Mr. Mondale politically, but he was there. I'm wondering if it's been 10 years since Mr. Nixon was in the Presidency and you've sought his advice and respect and he's been so helpful, would you like to think it might hurt you politically if he were to be at your convention and if he were to campaign with you?

A. Well, it's a question that I don't have to answer because he himself said that he was going to the convention and has, I believe, publicly stated that he has no intention of participating in a campaign.

The young lady right there?

### Access to Ports

Q. Thank you, Mr. President, could the United States continue its defense commitments to New Zealand if it's denied port access for nuclear ships? And if this happens, would it affect American trade with New Zealand? And I have a follow-up.

A. I don't think that would affect trade but I do know — and I would rather not get too deeply into anything because that is something that will be worked out and negotiated with the new Government of New Zealand. I have every reason to be optimistic that there won't be any denial to our ships.

Q. If the port access is denied, as the Labor Party says it will, would the United States consider a separate peace treaty with Australia?

A. Well, as I say, I don't want to get into things, or anything that might sound as if I'm pressuring or threatening or anything of the kind. So let me just say that we're going to do our best to persuade them that it is in their best interest, as well as ours, for us to continue with our alliance with Australia, those countries, as we have been.

### Meese Nomination

Mr. President, I'd like to ask you about the leadership situation at the State Department. I've heard a lot of reality and symbolism. You have an Attorney General in Mr. Smith who wants to get out and you have a nomination for the State Department but the Republican Senate won't let him in. Is that the most effective and efficient way to run a Department of Justice? Does there come a time when you want Mr. Meese to withdraw his nomination?

A. Right now there's an investigation going on at Mr. Meese's request and until we know the results of that investigation, I don't think that there's any answer I could give to that. He asked for that in response to

the furor that was raised about him. I have every confidence in him and I'm appreciative of the fact that Attorney General Smith wanted very much to return to private life but has agreed that he will stay as long as the situation prevails and until it is resolved. And I am confident myself that we're going to find out that Mr. Meese is guilty of no wrongdoing.

### Environmental Job

Q. Mr. President, in regard to another one of your nominations, the Senate, late this afternoon, voted 73 to 19 to request that you withdraw the nomination of Anne Burford to serve on an environmental advisory committee, that includes more than 30 Republicans. Will you take that direction?

A. No, I won't. Miss Burford was called before a House committee when she was head of the E.P.A. and she obeyed the instructions that we gave her. The House committee was trying to obtain documents and we executed everything because on the ruling of the Justice Department that those documents were part of investigation reports, and that if there was any evidence brought up that would lead to legal action against anyone, they could be compromised. There is not one fact substantiating many of the charges that had been made. We have continued doing what we came here to do and to clean water and both are cleaner than they have been for a long, long time. We have refurbished and reestablished the health of the nation and the parks and are now going to return to adding territory or land to the park areas. We have vastly increased the wilderness lands. There isn't anything that can be proven that we have not been meeting fully our responsibilities with regard to the protecting of the environment.

Q. And then, one more time, I ask all of you of an investigative nature, to take a look at our record is, with regard to environmentalists. There is not one fact substantiating many of the charges that had been made. We have continued doing what we came here to do and to clean water and both are cleaner than they have been for a long, long time. We have refurbished and reestablished the health of the nation and the parks and are now going to return to adding territory or land to the park areas. We have vastly increased the wilderness lands. There isn't anything that can be proven that we have not been meeting fully our responsibilities with regard to the protecting of the environment.

### Environmental Policies

Q. In regard to that, your critics have come out very strongly recently in criticism of your environmental policies. Do you see the Anne Burford appointment as a liability to you during this election year?

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### Woman in Campaign

Q. Mr. President, the good Christian issue, your plans to make a campaign stop at an Italian dinner at the Catholic church named for the patron saint of women if a New York City suburb on Thursday would indicate that you're at least a bit concerned about the impact of Geraldine Ferraro on the election. Could you assess for us your views on what the impact of a woman on the Democratic ticket will be?

A. Well, no, I think that this is just another step forward in the recognition of the new place of women and that has been long overdue. I think it is significant. I think it was significant when a woman took her place. Sandra Day O'Connor, on the Supreme Court, when we had three women on our Cabinet and when we have some 1,000 in very responsible positions, Presidential appointees, in our Administration. But, no, that's a logical step and one that possibly is overdue. I don't have any criticism of that issue.

Q. I think you suggested it was a woman you didn't see that night, but your remarks indicated to some you felt that way.

A. Glad you asked that. I was in the Rose Garden that night in a room as a matter of fact, of Republican women, all of whom were, some were candidates but the bulk of them were elected government officials at various levels of government. Republican women elected officials from all over the United States. And in talking about a subject that I thought would be of interest to me, I was delivering talk that had been put down on paper many days before Miss Ferraro was spoken of as a nominee or chosen. And I was talking about my personal experience with meeting Margaret Thatcher when I was a Governor and she was the newly chosen head of the Conservative Party in England. This was when I first met her. And I was talking about how she had been chosen by the Conservative Party to be their leader on the basis that she was the best qualified person in the party to have that job. And I used the word "symbolism" in connection with it. I was talking about Margaret Thatcher and the Conservative Party of England. I didn't have Miss Ferraro in mind and certainly not when I put that down on paper.

Q. Thank you Mr. President.

A. Helen, we've got to get rid of these question marks.

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